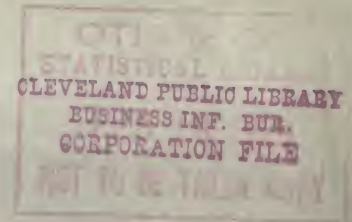


Walgreen

DRUG STORES



GENERAL OFFICES:
744 BOWEN AVENUE

CHICAGO

February 13, 1929.

TO THE STOCKHOLDERS OF WALGREEN CO.

I have pleasure in handing to you the within financial statements of our Company for the year 1928, as prepared by Messrs. Arthur Andersen & Co., Certified Public Accountants.

Yours very truly,

C. R. WALGREEN,

President.

WALGREEN CO. A
CONSOLIDATED BALANCE S

A S S E T S

CURRENT ASSETS:

Cash	\$1,314,219.75	
Trade accounts, advances on merchandise and sundry re- ceivables, including receivable arising from sale of capi- tal assets (approximately \$2,000,000.00 of which was received in cash during January, 1929)	2,127,834.15	
Notes, contracts, employees' stock subscriptions, etc.	35,905.93	
Merchandise at retail stores, warehouses and factories based on latest physical inventories adjusted to Decem- ber 31, 1928, certified to by responsible officials as to quantities and condition, valued at the lower of cost or market	<u>4,439,325.84</u>	
Total current assets		\$ 7,917,285.67
CASH SURRENDER VALUE OF LIFE INSURANCE		56,549.75
PREPAID RENT, INSURANCE, TAXES, ETC.		231,084.32
TREASURY PREFERRED AND COMMON STOCK (held for resale) at lower of cost or market		293,790.75
INVESTMENTS IN OTHER COMPANIES (at cost)		665,651.00
FIXED ASSETS:		
At cost, less depreciation and amortization—		
Land and buildings	\$ 318,777.25	
Equipment—store, factory and warehouse, etc.	4,616,574.99	
Leaseholds and leasehold improvements	<u>1,103,698.03</u>	6,039,050.27
GOODWILL, STORE LEASES, ORGANIZATION, ETC.		<u>1.00</u>
		<u><u>\$15,203,412.76</u></u>

AUDITORS' C

We have examined the accounts of Walgreen Co., Chicago
December 31, 1928, and certify that, in our opinion, the foregoing c
companies at that date.

We further certify that, in our opinion, the appended cor
present the results of their operations for the year ended December 3
months period, earnings per books for the month of December, 1927

Chicago, Illinois,
February 13, 1929.

LIABILITIES AND NET WORTH

CURRENT LIABILITIES:

Accounts payable	\$1,204,231.38	
Employees' investment certificates.....	52,900.00	
Accrued salaries and other expenses.....	292,101.13	
Provision for Federal income taxes.....	502,500.00	
Total current liabilities.....		\$2,051,732.51

NET WORTH:

Preferred stock—6½% cumulative—		
Authorized and issued—45,000 shares, par value		
\$100.00 each	\$4,500,000.00	
Common stock—		
Authorized—1,000,000 shares without par value—		
Issued and outstanding—828,227 shares		
Capital and surplus applicable to shares issued at		
date of recapitalization, December 31, 1927,		
\$4,110,442.09, and stated value of 68,227		
shares issued since.....	5,561,141.59	
Paid-in surplus arising from sale of common stock.....	425,543.00	
Surplus since date of recapitalization.....	2,664,995.66	13,151,680.25

NOTE: Preferred stock is redeemable on call or in liquidation at premiums varying from \$15.00 to \$7.50 per share.

89,170 shares of common stock are reserved for purchase warrants outstanding.

9,936 shares of common stock are reserved for conversion of Union Drug Co. preferred stock.

\$15,203,412.76

CERTIFICATE

o, Illinois, and its subsidiary companies for the thirteen months ended consolidated balance sheet fairly presents the financial position of the

solidated statements of profit and loss and surplus accounts fairly 1, 1928, on the basis of deducting from the earnings for the thirteen, which were not separately audited.

ARTHUR ANDERSEN & CO.

MAY 18-19 '29 HG

WALGREEN CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 1928 (SEE CERTIFICATE)

Particulars	Amount
Net sales	\$31,389,313.20
Cost of sales.....	19,230,643.96
Gross profits on sales.....	<u>\$12,158,669.24</u>
Store expense	8,832,124.50
Net profits from store operations.....	<u>\$ 3,326,544.74</u>
General and administrative expenses.....	432,196.70
Net profits from operations.....	<u>\$ 2,894,348.04</u>
Other income	284,975.95
Net profits before other charges.....	<u>\$ 3,179,323.99</u>
Other charges	94,399.60
Net profits before Federal income tax.....	<u>\$ 3,084,924.39</u>
Provision for Federal income tax.....	332,500.00
Net profits	<u><u>\$ 2,752,424.39</u></u>

NOTE: The profits for the year 1928 as above stated include provisions for amortization of leaseholds and improvements thereto, \$90,184.54, and for depreciation of buildings and equipment, \$313,715.08.

SUMMARY OF CONSOLIDATED SURPLUS ACCOUNT

Balance—November 30, 1927.....	\$ 3,114,769.31
Add—	
Profits per books for the month of December, 1927.....	136,078.56
Excess of premium on sale of new preferred stock and sundry surplus credits over premium on redemption of old issue of preferred stock together with dividends thereon	99,594.22
Balance—December 31, 1927, carried to capital account.....	<u>\$ 3,350,442.09</u>
Net profits for the year 1928 as above.....	\$ 2,752,424.39
Add—Profit on the sale of capital assets, less leasehold premiums written off....	187,069.31
	<u>\$ 2,939,493.70</u>
Deduct—Dividends on preferred stock.....	274,498.04
Balance—December 31, 1928.....	<u><u>\$ 2,664,995.66</u></u>